



Committee On Finance

Max Baucus, Chairman

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BAUCUS QUESTIONS MEDICARE, MEDICAID BUDGET CUTS

Finance Chairman says White House approach to entitlements don't tackle real costs, promote privatization in same vein as Social Security efforts

Washington, DC – Senate Finance Committee Chairman Max Baucus (D-Mont.) today sharply questioned the White House's plan to cut more than \$100 billion from Medicare and Medicaid. Baucus, whose committee has jurisdiction over Medicare, Medicaid, and Social Security, told Health and Human Service Secretary Michael Leavitt that the President's fiscal year 2008 budget fails to address the real problem with the country's health care programs for seniors and the disadvantaged – the rising health care costs that are forcing spending to spiral upward.

"We should focus on the underlying causes, not so much the symptoms. I know it's difficult, but the administration would be doing this country a much greater service by finding ways to lower the underlying costs of Medicare and Medicaid, rather than just lopping off the top," said Baucus. **"These costs will just get transferred somewhere else – emergency rooms, or uncompensated care. It looks like this administration is trying to push an ideology, which is to privatize, rather than to address the causes."**

Baucus particularly criticized the focus of the administration's \$76 billion in Medicare cuts. The administration's proposed funding cuts come from the traditional fee-for-service, government-based plan used by most American seniors – including 95 percent of seniors in Baucus's home state. The budget does not seek to reduce payments for Medicare Advantage, which pushes seniors toward private insurance coverage. Baucus led the fight in 2005 to stop the privatization and undermining of another entitlement program – Social Security.

"If you're going to cut fee-for-service, why not cut Medicare Advantage? That's where the experts say the fat is," said Baucus. **"I've seen many, many analysts say [Medicare Advantage plans] get more than they need. I've not seen any analysts say that they do not."**

Secretary Leavitt said that the administration is currently providing financial incentives through the Medicare Advantage program to increase the use of what they call "integrated care" – which translates to the use of private plans by Medicare recipients. Baucus has identified Medicare Advantage as an opportunity to find savings in the Medicare program.

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